

Message Text

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PAGE 01 JAKART 10592 041258Z
ACTION EB-08

INFO OCT-01 EA-10 ISO-00 L-03 /022 W
-----094140 050712Z /13
R 040750Z AUG 78
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 659

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E.O. 11652: N/A
TAGS: EINV, ID
SUBJECT: SEA OIL/P.T. BAUD EXPROPRIATION CLAIM

REF: (A) JAKARTA 9913, (B) STATE 176483, (C) STATE 284510
AND PREVIOUS

1. SUMMARY: WE HAVE AGAIN BROACHED SUBJECT WITH GOI UNOFFICIALLY
BUT IT NOW APPEARS OFFICIAL ACTION-DEFINED BY THE DEPT
OF FINANCE AS A USG LETTER TO MINISTER WARDHANA-WILL BE REQUIRED.
END SUMMARY.

2. E/C COUNS AGAIN TOOK UP SUBJECT WITH DR GEN FOR MULTILATERAL
ECONOMIC COOPERATION AT DEPT FON AFF, ROESLI NOOR,
WHO SAID HE WOULD DISCUSS IT WITH THE MINISTER OF FINANCE.
NOOR HAS PROMISED ON TWO PREVIOUS OCCASIONS, ONCE TO AMBASADOR
MASTERS, TO BE OF ASSISTANCE, BUT WE ARE UNAWARE THAT HIS
EFFORTS HAVE YET BORNE ANY FRUIT.

3. EMBOFF SUBSEQUENTLY DISCUSSED THE CASE WITH MARZUKI
USMAN, DIRECTOR OF INVESTMENT AND NATIONAL WEALTH, DEPT
OF FINANCE. USMAN REITERATED MORE STRONGLY THE POINT HE
HAD MADE PREVIOUSLY, NAMELY, THAT FINANCE WAS WAITING FOR
"OFFICIAL USG ACTION". IN HIS OCTOBER 18, 1977 LETTER TO
MINISTER WARDHANA, SEA OIL SPECIAL COUNSEL DONALD DAWSON
SAID, "THE CORPORATION THUS HAS NO ALTERNATIVE BUT TO SEEK
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THE ACTIVE INTERVENTION OF US GOVERNMENTAL AUTHORITIES
ON ITS BEHALF . . " USMAN SAID FINANCE HAS INTERPRETED
THIS QUITE LITERALLY AND WAS CONFUSED WHEN SUBSEQUENT
SEA OIL LETTER OF JANUARY 5, 1978 MADE FAMILIAR ARGUMENTS
BUT NO MENTION OF USG INTERVENTION. HE SAID SUCH ACTION
AS EMBASSY TRANSMITTAL OF SEA OIL'S JANUARY 5 LETTER AND EXHORTATION
THAT GOI ARBITRATE WERE NOT THE KIND OF OFFICIAL ACTION

THE GOI HAS IN MIND. USMAN IMPLIED BUT DID NOT STATE EXPLICITLY THAT FINANCE WOULD NOT RESPOND TO PAST OR FUTURE CORRESPONDENCE FROM SEA OIL. HE FURTHER IMPLIED THAT ONLY USG ACTION, WHICH HE DEFINED AS AN OFFICIAL LETTER TO MINISTER WARDHANA, WOULD PROMPT A GOI REPLY. (FYI: ALTHOUGH IT IS CLEAR THAT USG OFFICIALS HAVE DISCUSSED THE CASE WITH GOI OFFICIALS ON MANY OCCASIONS AND THAT THE TWO GOVERNMENTS HAVE EXCHANGED CORRESPONDENCE ON THE CLAIM, WE ARE UNABLE TO DETERMINE IF THE USG HAS EVER WRITTEN OFFICIALLY TO THE GOI SPECIFICALLY ON SEA OIL'S BEHALF. END FYI.) HE HELD OUT NO PARTICULAR HOPE THAT A GOI REPLY TO THE USG WOULD BE SATISFACTORY TO SEA OIL BUT DID SAY THAT ONCE THE CASE IS ON A GOVERNMENT-TO-GOVERNMENT BASIS IT CAN BE DEALT WITH.

4. WE NOTE REF C ACCOUNT OF INTERAGENCY EXPROPRIATION GROUP DECISION AT 12/14/77 MEETING THAT THERE WAS NOT ENOUGH NEW INFORMATION TO REVERSE ITS OCTOBER 1976 DECISION THAT THERE WAS INSUFFICIENT GROUND TO CONSIDER LEGISLATIVE SANCTIONS. IN REF B DEPT STATED THAT USG NOT TAKING A POSITION ON THE MERITS OF THE CASE BUT INSTRUCTED EMBASSY TO INFORM GOI OF CONTINUED USG HOPE THAT GOI WOULD AGREE TO ARBITRATION. USMAN'S COMMENTS SEEM TO IMPLY THAT THE GOI WILL SIMPLY IGNORE CORRESPONDENCE ON THE SUBJECT UNLESS IT ORIGINATES WITH USG. LIMITED OFFICIAL USE

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INDONESIANS MAY IN EFFECT BE CHALLENGING US EITHER TO SUPPORT THE CLAIM OFFICIALLY, IF WE THINK IT HAS SUFFICIENT MERIT, OR TO LET IT GO BY THE WAYSIDE. FOR THE PRESENT, HOWEVER, WE WOULD RECOMMEND NO MORE THAN A LETTER SIMPLY RESTATING WHAT WE HAVE SAID ORALLY.

5. ACTION REQUEST: IF DEPT BELIEVES IT ADVISABLE TO SEND AN OFFICIAL LETTER PLEASE SO ADVISE AND PROVIDE GUIDANCE AS TO WORDING OF LETTER. GARDNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: OILS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780321-0424
Format: TEL
From: JAKARTA
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1978/newtext/t19780898/aaaadeqm.tel
Line Count: 105
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Litigation History:
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Message ID: d0fb356a-c288-dd11-92da-001cc4696bcc
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